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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. [redacted] 212

WALKER PROCESS EQUIPMENT, INC.,
Petitioner,

vs.

FMC CORPORATION,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965.

No. 1394.

WALKER PROCESS EQUIPMENT, INC.,
Petitioner,

vs.

FMC CORPORATION,
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

The Petition sets forth no reason for the Court to exercise its certiorari jurisdiction. There is no conflict between holdings of various Courts of Appeals. There is no important question of federal law to be settled by this Honorable Court. The Court of Appeals did not decide any federal question in a way to conflict with applicable decisions of this Court. There is no need for this Court to exercise its supervisory authority.

The Petition should be denied.

OPINIONS BELOW.

The opinions of the District Court and the Court of Appeals are properly described in the Petition and are accurately set forth in the Appendix to the Petition.

JURISDICTION.

The jurisdiction of this Court is properly stated in the Petition.

STATUTES.

The Constitutional provisions and statutes involved in this matter are Article III, Section 2 of the United States Constitution (App. 1), the Declaratory Judgments Act, 28 U. S. C. § 2201 (Pet. App. 15) and Section 271(a), (b) and (c) of the Patent Act of 1952 (App. 1).

QUESTIONS PRESENTED.

For the reasons explained in the Argument below, the questions presented by this proceeding as petitioner has phrased them in its Petition are in several respects incorrect and misleading. The questions actually presented are:

1. Since the allegation relied upon by petitioner in paragraph 16 of the amended complaint (*i.e.*, that respondent has charged infringement of the Forrest patent* after the termination of the Greensboro case**) was restricted by discovery proceedings simply to an allegation that respondent has engaged in a licensing program under its patent, should this Court overrule the express holding of the Court of Appeals for the Seventh Circuit that the *mere maintenance of a licensing program* does *not* constitute a viable charge of infringement by a patent owner sufficient to create an actual controversy to support a declaratory judgment suit?

2. How can *language in a declaratory judgment plaintiff's Petition for certiorari improperly labeling a patent*

* U. S. Letters Patent No. 2,777,815 issued January 15, 1947.

** *FMC Corporation* v. *City of Greensboro*, 208 F. Supp. 494 (M. D. N. C. 1962), *rev'd*, 326 F. 2d 581 (4 Cir. 1964).

owner's licensing program as "harassment" of a competing equipment manufacturer, "coercion" of customers of the competing manufacturer, or "subtle threats of infringement" take the place of the requirement that *to establish a justiciable controversy to support a declaratory judgment suit there must be an actual, outstanding and viable charge of infringement* by the patent owner either against the competing manufacturer or against one of its customers? Is not such a charge of infringement *always* necessary to support jurisdiction in a declaratory judgment action? How can a court determine an issue of infringement without the presence in the case of an infringer?

3. How can *contractual arrangements with third persons* or *moot charges* be considered to provide the actual justiciable controversy that is required by Article III, Section 2 of the United States Constitution and the Declaratory Judgments Act? More specifically:

(a) How can an actual justiciable controversy exist between the owner of a process patent and a competing manufacturer of equipment which is itself unpatented, and which is suitable for a variety of substantial uses totally outside the process patent, merely because customers of the competing manufacturer have asked to be indemnified against possible liability arising from possible future charges of infringement by the patent owner, and the competing manufacturer—*not* the patent owner—asserts that some of the competing manufacturer's customers have practiced a process defined in terms similar to the broad, general description of the patented process that is contained in the patent owner's licensing literature?

(b) How can an actual justiciable controversy exist between the owner of a process patent and a competing equipment manufacturer merely because in a prior lawsuit against a third person the patent owner charged the third person with direct infringement and the competing equip-

ment manufacturer with active inducement of infringement, when the charges against the third person have become moot because of a final holding of no direct infringement, and the charges against the competing manufacturer have become moot both for that reason and because they were dismissed for lack of jurisdiction?

STATEMENT OF THE CASE.

With a few exceptions,* the Statement of the Case at pages 3 to 5 of the Petition is an adequate statement of the facts.

We believe an accurate short statement of petitioner's position here is that Walker asserts there is an "actual controversy" within the meaning of Article III, Section 2

*The necessary corrections are:

1. The charge made by FMC against Walker in Greensboro was *not* that where "*a* process" is accused of direct infringement, Walker's acts in connection with that process constitute active inducement of infringement (Pet. 4). The charge of active inducement against Walker related only to a *particular* process—*i.e.*, the process employed *at Greensboro*.

2. FMC has *not* acknowledged that the validity of the Forrest patent was left undecided by the Greensboro litigation (Pet. 4). The statement on page 5 of the Petition concerning the position of FMC as to the effect of the decision of the Court of Appeals for the Fourth Circuit on the validity of the Forrest patent is correct.

3. The *noninfringing* uses for which the Walker "Gaslifter" stirrer is suitable must be kept in mind. In addition to possible use in a process which would infringe the Forrest patent (Pet. 3, 10-11), the Walker apparatus can also be used by municipal sewage treatment plants in a noninfringing sewage sludge digestion system (Admissions 10-12, App. 11), and can even be used for a noninfringing purpose totally unrelated to the patented process, *i.e.*, as an air lift pump used for lifting a liquid—*any* liquid—in a tank (testimony of J. Donald Walker, President of Walker Process Equipment, Inc., in the *Greensboro* case reproduced at R. 352-353 and 381-382 of the instant case). The Court of Appeals summed the situation up by saying (Pet. App. 16):

"... it is possible for Walker's customers to use Walker's

of the United States Constitution (App. 1) and the Declaratory Judgments Act (Pet. App. 15) simply because of:

(1) FMC's licensing program.

(2) Charges of infringement that were made by FMC in a lawsuit at Greensboro, N. C., which is now terminated by a final decision of the Court of Appeals for the Fourth Circuit.

(3) Indemnification agreements that Walker is required to give many of its customers because of their concern about possible liability that may arise in the future out of any other lawsuits that may possibly be filed by FMC.

Respondent's position is that there is clearly no merit to any of these contentions, the decisions of the District Court and Court of Appeals below were clearly correct, and there is clearly no ground for the exercise here of this Honorable Court's certiorari jurisdiction.

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equipment in processes allegedly covered by FMC's process patent, although the Walker equipment need not be so used and has other uses."

4. The Walker "Gaslifter" stirrer is unpatented. It does not in and of itself infringe the claims of any equipment or apparatus patent.

5. The use of extreme language of the sort exemplified by the word "intimidating" at the top of page 4 of the Petition is of course unwarranted. As will be pointed out below, many other examples of language of this sort are scattered throughout the Petition.

(References to "Pet." are to the Petition, "Pet. App." to the Appendix to the Petition, and "App." to the Appendix following this brief in opposition to the Petition. Unless otherwise indicated, emphasis throughout this brief is supplied.)

ARGUMENT.

To assist the Court in understanding the true facts on which the present Petition is based, we have reprinted in an Appendix following this brief the amended complaint filed by petitioner in the District Court below. The amended complaint, together with petitioner's sworn Answers* to certain Requests for Admissions and Interrogatories—*not* the extravagant and unjustified distortion of those facts by petitioner—of course constitute the facts on which the Petition must be decided.**

In its Petition, Walker presents three arguments (Parts I-III) why in its opinion a writ of certiorari should be granted here. As the true facts make clear, none of the three arguments has any validity.

I.

AS RESTRICTED BY THE DISCOVERY PROCEEDINGS, WALKER'S COMPLAINT SETS FORTH NO ACTUAL, OUTSTANDING OR VIABLE CHARGE OF INFRINGEMENT, ONLY THE FMC LICENSING PROGRAM UNDER THE FORREST PATENT.

Petitioner challenges at page 6 of the Petition the correctness of the key holding by the Court of Appeals below that (Pet. App. 18):

> "... Walker's amended complaint ... does not allege that FMC has charged Walker or any of Walker's

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* Also printed in the Appendix to this brief.

** The District Court, citing 2 *Moore, Federal Practice*, ¶¶ 12.09(2), (3) and 12.14 at pages 2248 and 2266, respectively (2d ed. 1965), pointed out that Answers to Requests for Admissions and Interrogatories may properly be considered in connection with a motion to dismiss.

customers, at any time since the Greensboro litigation, with any kind of infringement . . . ."

Petitioner seeks to cast doubt on this holding by quoting paragraph 16 of its amended complaint, but conveniently overlooks the true state of the facts—*i. e.*, that its sworn Answer to Interrogatory 13(B) (App. 13) equates the allegations of paragraph 16 of the amended complaint with nothing but the FMC letter attached as Exhibit A thereto (App. 9).

Petitioner seeks to leave the impression that it may have still other evidence besides the letter which is Exhibit A to the amended complaint, but it has had every chance to disclose any such evidence, and has not been able to do so. In support of its position on this point, petitioner cites *Conley* v. *Gibson*, 355 U. S. 41, 47 (1957). But in *Conley* there had been no chance to amend the complaint, and no discovery (including Requests for Admissions and Interrogatories), both of which were present here. One can only wonder how many chances—how many amended complaints—how many sworn Admissions—and how many sworn Answers to Interrogatories—petitioner feels it is in fairness entitled to.*

* The District Court was absolutely right in denying petitioner another chance to amend its complaint to try to include allegations sufficient to establish the existence of a justiciable controversy here (Pet. App. 35), when it was already crystal clear from the previous documents filed by petitioner that there was no possibility at all that it would be able to cure the defect in Count I of its amended complaint. The Court did give petitioner leave to amend *Count II* of the amended complaint (which is not involved here) to remedy a defect as to jurisdiction based on diversity of citizenship, saying, "Not knowing the diversity facts, I don't know whether a valid second count can be filed." But since it is clear from petitioner's own pleadings, sworn Admissions, sworn Answers to Interrogatories, and its various briefs that petitioner cannot possibly make the necessary allegations to support jurisdiction of *Count I*, it was entirely proper for the Court below (1) to conclude that further amendment of that Count of the amended complaint "would impose an additional burden on all of us," and (2) to deny leave to file a second amended complaint as to that Count (Pet. App. 35-36).

What does Exhibit A to the amended complaint—the *only* document mentioned in petitioner's sworn Answer to Interrogatory 13(B) as constituting a "charge of infringement" as alleged in paragraph 16 of the amended complaint —say? It simply announces FMC's plans "to continue our program of granting licenses [for] the CRP accelerated sludge digestion process" as there described. Nothing more.

It is difficult to understand how offering a license could under any theory be characterized as an act charging infringement of a patent. Licenses are frequently taken by persons who wish to be free to use a process if they later decide to do so, and who feel more comfortable with all legal questions resolved ahead of time through a covenant not to sue—*i.e.*, a license. It is *always* understood, in fact, that a licensee *may* or may *not* use a licensed invention, as he chooses. Neither the offer of a license nor the acceptance thereof necessarily implies a thing about possible infringement.

Surely this Court will not discourage *bona fide* attempts to license others to practice a patented process that makes such an important contribution as does the patent in suit to the everyday life of today's highly urban and industrial society. Yet to characterize FMC's licensing program as a "charge of infringement" would do just that, by imposing on the patent owner the risk of involvement in a lawsuit that might not otherwise ever be filed. And adoption of such a rule would similarly impede broad utilization of patented knowledge in other fields, through discouragement of active and widespread licensing in those fields, as well.

The effort by petitioner to turn a *legitimate licensing program* into a *charge of infringement* sufficient to create the "actual controversy" required by the United States Constitution and the Declaratory Judgments Act must ob-

viously fail. Both logic and sound public policy argue against the suggestion, and petitioner has been unable to cite any authority in support of it. Clearly the Court of Appeals was correct when it held (Pet. App. 20):

> "The action of a patent owner in cautioning possible infringers and offering licenses to them, as in the instant case, is not the equivalent of [a] charge of infringement. . . ."

II.

THE COURT'S HOLDING WAS CORRECT THAT TO SUPPORT JURISDICTION IN A DECLARATORY JUDGMENT SUIT THERE MUST BE AN ACTUAL, OUTSTANDING AND VIABLE CHARGE OF INFRINGEMENT—HYPOTHETICAL CONTROVERSIES ARE NOT ENOUGH.

In Part II of its argument, petitioner makes three points. All are erroneous.

A.

FMC Licensing Program is Reasonable and Straightforward, and Cannot Properly Be Construed as Creating a Justiciable Controversy With Anyone.

Evidently petitioner understands that a *conventional licensing program* cannot after all be properly characterized as a "charge of infringement," for throughout Part II of its Argument it has tried to bolster its case by embellishing the facts here with an imaginative array of extravagant language that is totally unrelated to the actual situation.

When the *actual* facts are examined, it is seen that FMC has under no stretch of the imagination been either terroristic or sneaky in its licensing program (as petitioner argues with vehemence), but on the contrary has been both *reasonable* and *straightforward.** The FMC

* The colorful language used in the Petition makes interesting reading, but it has no relevance to the real facts. The words employed by petitioner in an attempt to leave the impression that

licensing program has not been designed to precipitate any justiciable controversy with anyone, nor could it realistically be held to have done so.

It is difficult to see how FMC could have written a letter in any more reasonable or straightforward terms—in any language less "terroristic"—or in any language less likely to be considered as creating a justiciable controversy—than the letter of which petitioner now complains (Ex. A to amended complaint, App. 9):

> "We plan to continue our program of granting licenses to those who prefer to avail themselves of the advantages of the CRP accelerated sludge digestion process, involving continuous gas recirculation to maintain homogeneous sludge in the digester, with settling of digested sludge in a second container."

To state the opinion to customers "that it is unsafe for them not to be free" to practice an infringing process, as paragraph 5 of the amended complaint alleges FMC has done (App. 3), is little more than a restatement of the proposition that all legal questions can be definitely re-

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FMC has engaged in *terroristic* tactics (page citations are to the Petition) include "harass" (2, 7, 10), "coerce" (2), "subtle threats" (2), "intimidate" (4), "retaliatory measures" (7), "weapon" (7), "club" (8), "dictate" (8), "in terrorem" (9, 10, 13), "intolerable" (10) and "terrorize" (13). To try to show how *sneaky* FMC has been as it has pursued its licensing program, petitioner characterizes FMC's language as being "subtle" (2, 13), "hedging" (7), "crafty" (8), "careful" (9), and "hiding behind the skirts of the majority ruling" of the Court of Appeals (10).

Petitioner's improper labeling of FMC's legitimate licensing program is summed up in the language—totally unsupported by the facts of the case—used in petitioner's statement of the second question presented here. In that statement, petitioner incorrectly characterizes FMC's licensing program under the Forrest patent as constituting "harassment," "coercion," and "subtle threats of infringement" (Pet. 2-3).

As was recognized by both the District Court and the Court of Appeals below, when petitioner's arguments are stripped of their extravagant verbiage, there is nothing left of petitioner's position.

solved ahead of time only through a license. At worst, the statement merely implies that it is always possible that a suit might be filed if no license is taken and if it comes to the patentee's attention that an infringing process is employed.

Obviously neither this allegation in the amended complaint nor petitioner's unilateral use of extravagant and unwarranted language in its Petition can create a present controversy where on the basis of the facts there is none.

B.

An Actual, Outstanding and Viable Charge of Infringement Must Be Present.

Petitioner challenges the holdings of the Court of Appeals that *actual* charges of infringement must be found to support jurisdiction here (Pet. App. 18)—that "a fundamental question . . . is, whether the patent owner has, in this case, made *viable* charges of infringement" (Pet. App. 17)—and, finally, that:

> "In view of the fact that there are no *outstanding* charges by FMC of infringement by Walker or Walker's customers, there is no justiciable controversy between the parties" (Pet. App. 19).

Petitioner incorrectly asserts that "Courts have repeatedly held that no 'actual', 'outstanding' or 'viable' charge of infringement need be made by a patentee in order for a party to maintain a declaratory judgment action," and cites several cases in support of its assertion (Pet. 8-9). None of the cases cited hold as petitioner asserts. In every one of the cases, there were facts which *did* constitute an actual, outstanding and viable charge of infringement by the patent owner.

Thus, in *Dewey & Almy Chemical Co.* v. *American Anode, Inc.*, 137 F. 2d 68 (3 Cir. 1943), *cert. denied*, 320 U. S. 761;

88 L. Ed. 454 (1943), the declaratory judgment defendant had in a previous lawsuit asserted its patent against a third party whose practices were similar to the commercial practices of the declaratory judgment plaintiff (137 F. 2d at page 70).

In the same way, in *Millway Knitting Mills, Inc.* v. *Sanson Hosiery Mills, Inc.*, 108 F. Supp. 5 (E. D. Pa. 1952), the declaratory judgment defendant had in two other lawsuits asserted infringement against stockings identical to those made by the declaratory judgment plaintiff.* Moreover, the declaratory judgment defendant went so far as to admit in open court that *it considered its patent to be infringed* by stockings made and sold by the declaratory judgment plaintiff (108 F. Supp. at page 6).

In *Girdler Corporation* v. *E. I. du Pont de Nemours & Co.*, 56 F. Supp. 871 (D. Del. 1944), *aff'd.* 152 F. 2d 757 (3 Cir. 1946), a declaratory judgment defendant attempted —through *withdrawal* of a specific charge of contributory infringement—to defeat jurisdiction that had *already* attached by reason of the fact that the charge in question was outstanding at the time the declaratory judgment action was filed. In the case at bar, there was no corresponding charge of active inducement outstanding when Walker filed the present declaratory judgment suit against

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* Another way of characterizing the *Dewey & Almy* and *Millway Knitting* cases is that they decided that a charge of direct infringement need not be made *directly* to a user of a process. Petitioner seeks to take advantage of this rule by attempting to equate the concept of a *direct* charge with an *outstanding* or *viable* charge of infringement (Pet. 9), but these involve quite different questions.

Respondent readily concedes that to support declaratory judgment jurisdiction, the charge that direct infringement of a process patent has occurred through use of certain equipment need *not* be made *directly* to the equipment user itself, but may be made, for example, to the manufacturer of the equipment in question —here, Walker. But the charge must be *outstanding*, even if not *direct*. And petitioner here has failed to allege an *outstanding* charge of infringement made by FMC to *anybody*.

FMC. In addition, in *Girdler* there were charges of direct infringement against customers of the declaratory judgment plaintiff which had never been adjudicated, which is not true here.

Two other cases cited by petitioner are addressed to the question of whether a charge of infringement need be direct and formal, *if* the identification of the product charged to infringe is sufficiently clear. *King Kup Candies, Inc.* v. *H. B. Reese Candy Co.*, 134 F. Supp. 463 (M. D. Pa. 1955); *Rhodes Pharmacal Co.* v. *Dolcin Corp.*, 91 F. Supp. 87 (S. D. N. Y. 1950).* But such a situation is entirely different from the situation in the present case, where any infringement would not be of a simple trademark (Peanut Butter Cup) or a simple product (aspirin and calcium succinate in certain proportions). Here, any infringement would be a particular use of equipment, which equipment petitioner admits can be used in numerous ways (Admissions 10-11, App. 11), and which has noninfringing uses both in sewage sludge digestion (*e.g.*, the *Greensboro* case) and in other fields (*e.g.*, as an air-lift pump for any liquid).

Because of the complexity of the fact situation here, until FMC identifies a *particular* sewage digestion process at a *particular* installation as being accused of infringement, as it did in the *Greensboro* case (a charge now entirely disposed of), a declaratory judgment suit would place an impossible burden upon any court trying to pass upon the validity and possible infringement of the patent in suit.

Far from conflicting with the holding of the Court of Appeals concerning the necessity of a charge of infringement, all the cases cited by petitioner are actually in ac-

* The only other authority besides *King Kup* and *Rhodes* by which petitioner purports to support its view on this point is 6 *Moore, Federal Practice*, ¶ 57.20 at 3120-21 (2d ed. 1965) (Pet. 8), but the paragraph in *Moore* referred to by petitioner relies essentially on the *Dewey & Almy* case, already distinguished above.

cord with that holding. Although the charge need not be made *directly* to the person accused, it is clear there must *always* be an *actual, outstanding, viable charge of infringement* to support jurisdiction in a declaratory judgment lawsuit.

C.

Petitioner Seeks To Have Well Established Rules of Declaratory Judgment Law Changed, Without Citing Any Reason Except Its Own Preference.

The fact is that petitioner is asking for an *advisory* opinion on a *hypothetical* question rather than requesting a declaration of rights involved in an actual justiciable controversy. And it is a well established rule of declaratory judgment law that such an opinion is barred by the Constitution of the United States and the Declaratory Judgments Act as well. *Aetna Life Insurance Co.* v. *Haworth,* 300 U. S. 227, 240; 81 L. Ed. 617, 621 (1936); *Cover* v. *Schwartz,* 133 F. 2d 541, 544 (2 Cir. 1943) *cert. denied,* 319 U. S. 748 (1943).

Every patent lawyer knows that there is a line beyond which his client may not go without being subject to a possible declaratory judgment action involving the client's patent. As is pointed out in Borchard, *Declaratory Judgments* 804 (2d ed. 1941), under the Declaratory Judgments Act a patentee:

> "... now by making *threats* and *charges,* exposes himself to an action at the hands of the alleged infringer for a declaratory judgment that the defendant's patent is invalid or, if valid, that the plaintiff is not infringing. By making *charges,* the patentee submits to an adjudication at the option of the alleged infringer."

This is a second well established rule of declaratory judgment law.

What petitioner seeks to do here in effect is to have the line defining a *threat* or *charge* of infringement changed (to include a letter offering licenses under the Forrest patent) simply in order that FMC will not be "free to select for its charge of infringement" a particular operation decided upon by it (Par. 16 of amended complaint, App. 6). For as we have seen, it is a third well established rule of declaratory judgment law that unless there is an actual charge of infringement by the patent owner, it is the patent owner who may decide when and if he will sue on his patent, and if so whom he will sue and (within the limitations of venue requirements) where he will sue.*

Petitioner has shown no reason why these three well established rules of declaratory judgment law should be abandoned simply to satisfy its preference that *it* should have the right to select the occasion and forum *it* would like to have, without regard to the fact that there is no outstanding charge by FMC (either against Walker or against any of its customers) that the patent in suit is infringed, nor any indication that there ever will necessarily be any such charge.

As a matter of fact, it is clear that there are many good reasons of logic and sound public policy why the established rules of declaratory judgment law should *not* be departed from here:

1. Any decision that might be entered in the present action would necessarily be on *a hypothetical set of facts.***

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* This is the practice that Walker criticizes as "piecemeal litigation against a series of selected customers of Walker" (Pet. 9).

** One may well ask:

> How could a court hope to determine the presence or absence of infringement of a process patent when neither the alleged infringer, nor the alleged infringing method, has been identified or described? Should a court be asked to engage in an extended exercise of judicial speculation that may well lead to a decision which is not necessarily applicable to any real facts at all?

2. To further compound the situation, since petitioner has asserted in its Answer to Interrogatory 14(B) (App. 13) that it is "*impossible* to list all specific operations that are issues in this litigation," any decision that might be entered in this action would in fact necessarily encompass *a very large number* of hypothetical sets of facts.

3. Even if the trial court in this action looked only at the Greensboro situation, there are *many other processes possible with Walker equipment at Greensboro* besides the process concerning which the judgment in that case was entered (Admission 11, App. 11).

4. Petitioner has further said in its Answer to Interrogatory 14(B) (App. 13) that it considers it "impossible to list all specific operations" of a "digester *employing plaintiff's equipment* which plaintiff asserts [are] in issue in this suit," and hence—contrary to the allegations in petitioner's amended complaint—there could obviously be in the present action *no final determination of the entire controversy* between these parties, *i.e.*, a decision "settling all controversies between the parties" or "which will be dispositive of the entire controversy" (Par. 16 of amended complaint, App. 6).

5. If petitioner were to argue that it is simply seeking a determination of *validity* of the Forrest patent and nothing more, this argument would not only run counter to the allegations of paragraphs 18-19 of the amended complaint and paragraphs A-C of the prayer thereof, but also counter to the well established rule that, in order to avoid the burden of unnecessary litigation, *the courts will not consider the question of validity in the absence of specific charges of infringement. Muskegon Piston Ring Co.* v. *Olsen*, 307 F. 2d 85, 88 (6 Cir. 1962), *cert. denied*, 371 U. S. 952 (1963) and *Cover* v. *Schwartz*, 133 F. 2d 541, 545 (2 Cir. 1943).

6. Keeping in mind the desirability of avoiding burden-

ing the courts with unnecessary litigation, it should be noted that the filing of a lawsuit against a process that represents only one of many possible uses of particular equipment, as at Greensboro, *does not necessarily create any implication at all about possible other lawsuits* against the many other possible uses of the same equipment. In the absence of a further charge of infringement by the patent owner against one of the other possible uses, it may indeed be totally unnecessary for the courts ever again to pass upon either the validity or possible infringement of the patent. The *burden of unnecessary litigation on the courts* is if anything emphasized by the fact that the patent owner here has already lost on the infringement issue in a suit it obviously expected to win, *i.e.*, the *Greensboro* case.

7. As admitted by petitioner, Walker's equipment may be operated in a sewage sludge digestion process in numerous ways (Admission 10, App. 11), including, among other things, variations in:

(a) The amount of digester gas employed;

(b) The length of time the "Gaslifter" digester stirrer is in operation;

(c) The times when the "Gaslifter" digester stirrer is in operation (*e.g.*, relative to the removal of sludge);

(d) Whether or not a second container is employed;

(e) Whether or not the second container is quiescent to allow sludge settling; etc.

FMC's description in Exhibit A to the amended complaint of the process to which its licensing program relates is a broad, general description, in which only two of the five variables just listed are mentioned (*i.e.*, elements (d) and (e) above),* yet the selection of various combinations of

* The FMC licensing letter (Ex. A to the amended complaint) characterizes the CRP accelerated sludge digestion process as:

> "... involving continuous gas recirculation to maintain homogeneous sludge in the digester, with settling of digested sludge in a second container."

these five (and other) variables is precisely what determines whether or not the resulting process infringes the claims of the Forrest patent. Thus, even if the description of the licensed process in the FMC letter were construed to constitute a "charge of infringement" (which a mere offer of a license has never been held to be), *that description would still not provide the particularity* which made it possible for the court to carry over an actual charge of infringement from one situation to another in the *Dewey & Almy, Millway Knitting, Girdler, King Kup* and *Rhodes Pharmacal* cases, discussed above.

8. To hold that a license offer that includes a description of the subject matter of a patent in broad, general terms only (as in Exhibit A to the amended complaint) constitutes an actual "charge of infringement" would *impose on the patent owner the risk of involvement in an unnecessary lawsuit,* while producing *no accompanying benefit to society* but *considerable disadvantage to the federal courts.*•

In addition to ignoring all the disadvantages we have just noted to the *changed* rule it argues for in its Petition, Walker has misstated the disadvantages it fears the *present* rule will work on its customers:

1. It is *not* true, as Walker suggests at page 9 of the Petition, that if a "first declaratory judgment suit [by one of Walker's customers] is decided adversely to FMC, it could sue another one of Walker's customers for infringement," without any restriction or limitation. The fact is that as to *any* specific process with respect to which FMC may in the future charge infringement and lose—just as is true with respect to the specific process that was passed on by the Court of Appeals for the Fourth Circuit in the *Greensboro* case—FMC will be limited in "virtually every instance" (Par. 6 of amended complaint, App. 3) by the doc-

• As explained in points 1-6 above.

trine of *res judicata* because of the full participation in and control of the litigation by Walker.

2. It is *not* true, as Walker suggests at page 10 of the Petition, that each of its customers will remain fearful of a patent infringement suit by FMC "[e]ven though each Walker customer to be sued obtains an adjudication of non-infringement in the same manner as did the City of Greensboro." The doctrine of *res judicata* will be applicable here just as explained in paragraph 1.

3. Finally, it is *not* true, as Walker asserts at page 9 of its Petition, that if FMC makes a direct charge of infringement against only one Walker customer at a time, "a declaratory judgment action could be sustained *only by the particular customer accused.*" In the event that FMC charges that any particular mode of operation of a sewage sludge digestion system is an infringement of its Forrest patent, all Walker customers practicing that process could bring declaratory judgment suits. The significant thing here is that (except for the Greensboro situation, which is now terminated) none of the very large number of specific processes possible with the Walker equipment has as yet been charged by FMC to infringe the Forrest patent.

Under our patent system, litigation is always possible, and there is certainly nothing wrong with a patentee filing suit to protect its patent against those who infringe it. Although the mere possibility of litigation may create concern on the part of Walker, this subjective feeling obviously does not create a justiciable controversy. Walker's assumptions, hopes, fears, beliefs, and concerns—regardless of how important they may be to Walker—are irrelevant on the objective question of whether or not there is here a present, outstanding, justiciable controversy.

As the leading legal scholar on the subject of declaratory judgments, Borchard, *Declaratory Judgments* 807 (2d ed.

1941), has said on the question of how a justiciable controversy comes into being:

> "In other words, the mere existence of the patent is not a cloud on title, enabling any *apprehensive* manufacturer to remove it by suit. It requires an assertion of right under the patent to place the alleged infringer in gear to join issue and challenge the title."

What petitioner seeks is *not* to have an important question of federal law *settled*, but rather to *unsettle* the established federal declaratory judgment law. But no reason has been shown that even suggests that the well established rules of declaratory judgment law which we have discussed above should be changed.

III.

THE HOLDING OF THE COURT OF APPEALS WAS CORRECT THAT WALKER'S INDEMNIFICATION AGREEMENTS AND THE CHARGE OF ACTIVE INDUCEMENT MADE AGAINST WALKER AT GREENSBORO IN A LAWSUIT NOW TERMINATED DO NOT CREATE A JUSTICIABLE CONTROVERSY HERE.

Petitioner makes two final arguments in seeking to establish a justiciable controversy here—the asserted legal significance of the indemnification agreements it frequently gives its customers, and the supposed survival of FMC's charge of inducement of infringement against Walker *beyond* the termination of the *Greensboro* lawsuit.

Whether taken separately or together, these points—contrary to the contentions of petitioner—do *not* create a justiciable controversy. Neither reason nor authority* suggests they do.

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* The only two cases relied upon by petitioner in support of these arguments are *Rhodes Pharmacal Co.* v. *Dolcin Corp.*, 91 F. Supp. 87 (S. D. N. Y. 1950) and *Girdler Corp.* v. *E. I. du Pont de Nemours & Co.*, 56 F. Supp. 871 (D. Del. 1944), which have been discussed and distinguished above.

A.

Indemnification Agreements With Third Parties.

Petitioner challenges the holdings of the District Court and the Court of Appeals on the question of Walker's lack of legal interest, and consequent lack of standing to sue, on the ground that even if there is no outstanding charge against it of active inducement of infringement, the patent indemnification agreements it gives its customers create a justiciable controversy here.

The District Court expressly rejected this argument when petitioner made it below, and held that Walker's indemnification agreements (Pet. App. 30):

> "'. . . merely increase Walker's *economic interest* in the outcome of any suit which FMC might bring against Walker's customers for patent infringement by the customers.'"

The Court of Appeals, citing *Aralac, Inc. v. Hat Corporation of America,* 166 F. 2d 286 (3 Cir. 1948), held that (Pet. App. 20):

> "'. . . Walker's interest is no more than an *economic interest,* which brings it within the *Aralac* rationale.'"

Walker argues here, as it did in the two Courts below, that the indemnification agreements it gives its customers bestow upon it a *legal interest* that warrants its maintenance of a declaratory judgment suit. The argument is erroneous.

We have shown that neither *hypothetical questions* concerning possible future charges of infringement against Walker customers nor *Walker's subjective fears and preferences* can create a justiciable controversy. By the same token, a justiciable controversy cannot be created by the *subjective feelings of concern of Walker's customers* (Pet. 5, 11-12) about possible liability resulting from possible

future litigation. If there is no actual justiciable controversy between FMC on the one hand and either Walker or its customers on the other, the mere formation of a contract between Walker and third parties cannot produce such a controversy.

It is only Walker who has said that any of its customers (other than Greensboro) are using Walker equipment in a manner that was apparently intended* to describe an infringement of the Forrest patent (Par. 15 of amended complaint, App. 5; Interrogatory 12(B), App. 12). As the Court of Appeals put it (Pet. App. 17):

> "*Walker* asserts that at least one of its customers, with which Walker has a patent suit indemnity agreement, has used, and is believed by *Walker* to continue to use, Walker's equipment in a process which apparently infringes the patent."

Walker tries, by use of ambiguous language in its Petition, to leave the impression that *FMC* has made it clear to the trade that it considers "*the* use of Walker's 'Gaslifter' device" to be an infringement of its Forrest patent (Pet. 11), as if any and every possible use of the device would be considered by FMC to be infringing. This assertion by Walker is entirely unsupported by the facts. The only use as to which FMC has made its views clear is the

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* The fact is that even Walker has not made any allegations detailed enough to permit them to be characterized as specific allegations of infringement of the Forrest patent. The only language used by Walker in this connection is in paragraph 15 of the amended complaint, where petitioner alleges that at least one of its customers has used and is believed to continue to use:

> "... a digester having a detention time over ten days and with settling of solids in the resulting sludge in a separate container."

This language is similar to, and every bit as broad and general as, the language used by FMC in Exhibit A to the amended complaint, which language, as we have seen above, is *not* specific enough to permit one to draw a conclusion from it one way or the other about infringement of the claims of the Forrest patent.

process employed at Greensboro, and there the Court of Appeals for the Fourth Circuit disagreed.

As is well known, patent "hold harmless" clauses are very common in procurement contracts in many areas of our economy. To hold that such clauses create a justiciable controversy by their mere existence would produce two undesirable results imposing serious administrative burdens on the federal courts. First of all, such a rule might very well result in a *flood of declaratory judgment lawsuits* filed by apprehensive competitors, or their customers, even though *no* charge of infringement by the patent owner was outstanding against either the competitors or their customers. Second, in any case relating to a process patent involving many possible uses of equipment (such as here), *each* individual lawsuit would in and of itself necessarily involve a *flood of hypothetical cases of possible infringement.*

The weakness of petitioner's argument that its indemnification agreements with third parties somehow create a *legal* interest vis-a-vis FMC, where there was none before, is confirmed by the fact that to support its position on this point Walker finds it necessary to rely on *incomplete* quotations from the opinion of the Court of Appeals below. After discussing Walker's argument that it *does* have a *legal* interest here (Pet. App. 19), the Court of Appeals held expressly that "Walker's interest is no more than an *economic* interest . . ." (Pet. App. 20). Despite this *explicit holding* and despite the *controlling importance* of the type of interest present (*i.e.*, whether merely economic, or in fact legal), the Petition declares—*without qualification or reservation*—that the majority opinion of the Court of Appeals "acknowledged" that "Walker was an *interested* party" (Pet. 6)! In a footnote near the end of the Petition, Walker even speaks of the "holding" by the Court of Appeals that "Walker has *an* interest"—again

without qualification or reservation—in support of an assertion by Walker in the body of the Petition that the parties here have "adverse *legal* interests" (Pet. 12)!

Obviously, a deliberate and explicit holding by the Court of Appeals that Walker's interest here is *economic* in nature cannot by some kind of legerdemain be transformed into *the exact opposite, i.e.,* a holding that the interest is *legal.*

B.

The Terminated Greensboro Lawsuit.

Petitioner seeks to buttress its reliance on the terminated *Greensboro* lawsuit by two statements—one irrelevant and the other incorrect.

First, Walker points out that it "continues to sell its 'Gaslifter' units, the *design* of which is substantially unchanged from those units sold to the City of Greensboro" (Pet. 11). *Design* is irrelevant. Since the Forrest patent covers a process, it is only *use* of the Walker equipment that is important.

Second, petitioner argues that "FMC's charge of inducement of infringement against Walker in the *Greensboro* case [is] an issue which is yet *unresolved*" (Pet. 4, 11, 12). This despite the fact that (1) the *Greensboro* case has been *finally terminated,* with a decision by the Court of Appeals for the Fourth Circuit that *there was no direct infringement of the Forrest patent by the process in use at Greensboro,* and (2) it is clear that there can be *active inducement* of infringement *only* if *direct infringement* has resulted from the accused acts. This follows from the very language of Sec. 271(b) of the Patent Act of 1952 which defines the tort, and it has been so held. *Haultau* v. *Kearney & Trecker Corp.,* 179 F. Supp. 490, 492 (E. D. Mich. 1959); *cf.*

Chicopee Manufacturing Corporation v. *Columbus Fiber Mills Co.*, 165 F. Supp. 307, 328 (N. D. Ga. 1958).

The Court of Appeals below was entirely correct in holding that (Pet. App. 18):

> "Whatever infringement charges were made in the Greensboro litigation were *resolved,* and the controversy between the parties *terminated,* by the judgment of the court of appeals [for the Fourth Circuit]."

Like hypothetical questions, charges that have become moot through a final court decision obviously cannot support a present, actual justiciable controversy.

CONCLUSION.

Petitioner has given no reason for the Court to exercise its certiorari jurisdiction in the present case. The Petition for writ of certiorari should be denied.

Respectfully submitted,

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RESPONDENT'S APPENDIX.

Additional Pertinent Constitutional Provisions and Statutes Involved.

U. S. Constitution, Article III, Section 2.

The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State; between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

Patent Act of 1952, 35 U. S. C. § 271 (a), (b) and (c).

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

Pertinent Portions of Record Below.

Plaintiff's Amended Complaint.

(Filed—April 10, 1964.)

UNITED STATES DISTRICT COURT,

Northern District of Illinois,

Eastern Division.

Walker Process Equipment, Inc., *Plaintiff,* *vs.* F. M. C. Corporation *Defendant.*	Civil Action No. 64C86 Declaratory Judgment—U. S. Patent No. 2,777,815.

AMENDED COMPLAINT.

Count I

Now comes Walker Process Equipment, Inc. and for its Amended Complaint herein alleges:

1. Plaintiff, Walker Process Equipment, Inc., is a corporation of the State of Illinois, having its principal place of business at Aurora, Illinois.

2. Defendant, F.M.C. Corporation, is a Delaware corporation, having a place of business (Chicago Pump, Hydrodynamics Division) at 622 West Diversey Parkway, Chicago, Illinois, and regularly doing business there.

3. This is an action for a declaratory judgment, pursuant to Title 28 U.S.C., Section 2201, for the purpose of determining an actual controversy between the parties as to validity, infringement and enforceability of U. S. Letters Patent No. 2,777,815, entitled "Sewage Digestion Process", owned by defendant.

4. Plaintiff manufactures and sells for installation in

digesters of sewage treatment plants, "Gaslifter" digester stirrers. Defendant also sells equipment which stirs digesters.

5. Defendant's method of doing business under U. S. Letters Patent No. 2,777,815 is to sell equipment which can be used in the alleged patented method or otherwise, and to persuade potential customers of competing equipment manufacturers either that they should use such equipment according to the alleged method or that it is unsafe for them not to be free to do so, and to offer licenses at a substantial price.

6. By reason of the acts of the defendant, alleged in paragraph 5 above, some prospective customers of plaintiff refuse to risk involvement by purchasing plaintiff's "Gaslifter" digester stirrers until this controversy between plaintiff and defendant is resolved, and other such customers refuse to purchase plaintiff's equipment unless plaintiff furnishes to them "hold harmless" guaranties and covenants to defend such customers against infringement suits that might be brought by defendant on said patent. In virtually every instance of sale of its "Gaslifter" digester stirrers, plaintiff has been required to give and has given such guaranties and covenants.

7. Defendant has charged that plaintiff, which furnishes "Gaslifter" digester stirrers and furnishes indemnity agreements with respect thereto, and a contractor, which installs such equipment, have been guilty, by such acts, of actively inducing infringement by a corporate body which operates such equipment. Plaintiff has been required to furnish indemnity agreements to contractors installing "Gaslifter" digester stirrers as well as to the users thereof.

8. Plaintiff had supplied one of its said "Gaslifter" digester stirrers to the City of Greensboro, North Carolina and another to a contractor for the City of Greens-

boro, North Carolina for installation in digesters forming units in the sewage treatment plant of the City of Greensboro, North Carolina.

9. Pursuant to its practices, as alleged in paragraph 5 above, defendant offered a license at a substantial royalty to the City of Greensboro, North Carolina, and after that city had refused to buy such license, defendant threatened it with a suit and an injunction, and later brought suit against plaintiff and its customer, the City of Greensboro, North Carolina, for infringement of said Letters Patent No. 2,777,815.

10. The suit, Civil Action C-57-G-60, against plaintiff and its customer, the City of Greensboro, North Carolina, was brought on May 6, 1960 in the U. S. District Court for the Middle District of North Carolina, Greensboro Division, and charged the City of Greensboro with infringement and charged the plaintiff with actively inducing infringement of said Letters Patent No. 2,777,815.

11. In the course of proceedings in said suit, defendant asserted that this plaintiff, and not the City of Greensboro, was the real party in interest.

12. Pursuant to the "hold harmless" guaranty and covenant to defend contained in the contract between plaintiff and the City of Greensboro, North Carolina, plaintiff defended Civil Action C-57-G-60. In that action, the District Court held said patent valid and infringed. On appeal, the Court of Appeals for the Fourth Circuit reversed the judgment of the District Court, holding said patent not to have been infringed and expressly leaving undecided the question of validity. (*F. M. C. Corporation* v. *City of Greensboro,* 326 F. 2d 581).

13. Following the decision on appeal in the *Greensboro* case, defendant circulated a letter to consulting engineers inferring that the District Court's holding of valid-

ity was not affected by the Court of Appeals decision and that the holding of the Court of Appeals was that "Greensboro's specific processing departed from" the said Letters Patent No. 2,777,815. Defendant further advised of its "plan to continue our program of granting licenses to those who prefer to avail themselves of the advantages of the CRP accelerated sludge digestion process, involving continuous gas recirculation to maintain homogeneous sludge in the digester, with settling of digested sludge in a second container". A copy of defendant's letter of January 20, 1964 is attached hereto and marked "Exhibit A".

14. Although Exhibit A refers to "continuous gas recirculation", defendant has stated that not all intermittent introduction of gas escapes plaintiff's charge of being within the method of said patent. No process in which the introduction of gas is discontinued for as much as one-half hour a day can properly be deemed within said patent. Defendant has not made clear what operations that are not 100 per cent continuous are within its charge, and therefore, has cast doubt on the freedom from infringement of various intermittent operations performed by plaintiff's customers, for which plaintiff was required to, and did furnish an indemnity.

15. At least one of plaintiff's customers, whom plaintiff is obligated to defend and hold harmless, has within six years used, and is believed to continue to use, plaintiff's "Gaslifter" digester stirrers in a process involving continuous introduction of gas in a digester having a detention time over ten days and with settling of solids in the resulting sludge in a separate container.

16. The plaintiff has been required to issue numerous indemnity agreements covering operation of sewage disposal installations in various areas of the United States. Since the opinion of the Court of Appeals for the Fourth

Circuit in *F. M. C. Corporation* v. *City of Greensboro,* 326 F. 2d 581, the defendant has continued to charge that use of plaintiff's "Gaslifter" digester stirring equipment infringes said Letters Patent No. 2,777,815. Defendant has filed only two suits on the patent. Said two suits were that referred to above against the City of Greensboro, North Carolina, which used only intermittent stirring, and against the contractor (*Food Machinery and Chemical Corp.* v. *William Muirhead Construction Co.,* C-88-G-60, in the Middle District of North Carolina), which installed equipment at Greensboro, which suit was dismissed by Stipulation. Unless plaintiff is afforded relief by this declaratory judgment action, settling all controversies between the parties, defendant will be free to again file a patent infringement action in a jurisdiction remote from the Chicago area, where each of the parties has its principal office, and will be free to select for its charges of infringement an operation which does not, for decision, require resolution of either the broad question of infringement or the question of validity of said Letters Patent No. 2,777,815. Plaintiff is thereby subject to be required to defend a series of suits, no one of which will be dispositive of the entire controversy.

17. Said Letters Patent No. 2,777,815 is invalid for failure to meet conditions for patentability set forth in 35 U. S. C., Secs. 102, 103 and 112.

18. Said Letters Patent No. 2,777,815 is not infringed by any use of plaintiff's "Gaslifter" digester stirring equipment.

19. Defendant is precluded by reason of the judgment in the proceedings in *F. M. C. Corporation* v. *City of Greensboro,* Civil Action C-57-G-60, in the United States District Court, for the Middle District of North Carolina, Greensboro Division, from asserting that any use of

plaintiff's "Gaslifter" digester stirring equipment introducing gas intermittently is an infringement of said Letters Patent No. 2,777,815.

20. Defendant's conduct under said Letters Patent No. 2,777,815 constitutes or has constituted unclean hands, rendering such patent unenforceable by defendant until the effects of such conduct have been dissipated.

WHEREFORE plaintiff prays for a judgment

A. Declaring United States Letters Patent No. 2,777,815 invalid, not enforceable, and not infringed by process in which plaintiff's "Gaslifter" digester stirring equipment is being used or expected to be used, or by any use of plaintiff's "Gaslifter" digester stirring equipment.

B. Declaring that defendant is precluded by reason of the judgment in the proceedings in *F. M. C. Corporation v. City of Greensboro,* Civil Action C-57-G-60, in the United States District Court, for the Middle District of North Carolina, Greensboro Division, for asserting that any use of plaintiff's "Gaslifter" digester stirring equipment introducing gas intermittently is an infringement of said Letters Patent No. 2,777,815.

C. Enjoining and restraining defendant and its agents, servants, employees and attorneys, and those in active concert and participation with defendant from asserting, claiming or alleging that Letters Patent No. 2,777,815 is or would be infringed by use of plaintiff's "Gaslifter" digester stirring equipment.

D. Awarding plaintiff its costs, reasonable attorney's fees and such other and further relief as the Court may deem just and proper.

Count II

21. Plaintiff realleges the allegations of paragraphs 1 and 2 above as though herein set forth in full, and further alleges that the matter in controversy exceeds, exclusive of interests and costs, the sum of Ten Thousand Dollars ($10,000.00).

22. This Court has jurisdiction of the parties and of the subject matter herein by virtue of Title 28 U. S. C., Section 1332.

23. Plaintiff realleges the allegations of paragraphs 4-18, inclusive, as though herein set forth in full.

24. The defendant is guilty of unfair competition.

25. The defendant has employed Letters Patent No. 2,777,815 and other patents in unfair competition with plaintiff by the actions heretofore alleged and by charges of infringement and threats of suit.

26. The charges of infringement and the threats of law suits against plaintiff's customers in view of the invalidity of Letters Patent No. 2,777,815, and in view of the fact that it is not infringed by any use of "Gaslifter" digester stirring equipment have caused and will continue to cause plaintiff irreparable injury.

WHEREFORE plaintiff prays for a judgment

A. Enjoining and restraining defendant and its agents, servants, employees, attorneys, and those in active consert and participation with defendant, from further acts of unfair competition, as hereinablve(*sic*) alleged or otherwise.

B. Awarding plaintiff an accounting for all profits earned by defendant by virtue of its acts of unfair competition, as hereinablve (*sic*) alleged, and for all damages sustained by plaintiffs by virtue of said acts of unfair competition.

C. Awarding plaintiff the costs of this action, reasonable attorney's fees, and such other relief as the Court may deem just.

Walker Process Equipment, Inc.,
By /s/ Edward A. Haight
EDWARD A. HAIGHT,
Haight, Simmons & Hofeldt,
#2177-141 West Jackson Blvd.
Attorney for Plaintiff

Exhibit A to Plaintiff's Amended Complaint.

(Letterhead of)
FMC Corporation
Hydrodynamics Division. Chicago Pump
622 West Diversey Parkway, Chicago 14, Illinois
Area Code: 312, Phone: 327-1020

Cable: Chipumpco. Teletype: 312-222-0216

January 20, 1964

To: Consulting Engineers

Re: Greensboro "CRP" Patent Suit

The Appellate Court has now ruled in the Greensboro suit involving our "CRP" accelerated sludge digestion process patent, number 2,777,815.

The Appellate Court decision was limited to the single issue of infringement at Greensboro, North Carolina. The Appellate Court reversed the prior holding of infringement and said that Greensboro's specific processing departed from the Forrest (CRP) patent.

On the important issue of validity of our patent, the Appellate Court specifically refrained from considering the issue of validity, which the District Court had previously upheld.

We plan to continue our program of granting licenses to those who prefer to avail themselves of the advantages of the CRP accelerated sludge digestion process, involving continuous gas recirculation to maintain homogeneous sludge in the digester, with settling of digested sludge in a second container.

Very truly yours,

/s/ Milton Spiegel
Milton Spiegel
General Manager

/s/ Tom H. Forrest
Tom H. Forrest
Manager of Digestion Equipment

Pertinent Requests for Admissions.

(Filed by Defendant April 17, 1964.)

and

Walker's Answers Thereto.

(Filed by Plaintiff May 4, 1964.)

Request 10: Digestion systems employing plaintiff's "gaslifter digester stirrers" may be operated in numerous ways (the term "ways" as used herein refers to various possible combinations including, *inter alia,* the amount of digester gas employed by the "gaslifter digester stirrer", the length of time that the "gaslifter digester stirrer" is in operation, the times when the "gaslifter digester stirrer is in operation" (e.g. relative to the removal of sludge) whether or not a second container is employed, whether or not the second container is quiescent to allow sludge settling, etc.).

Answer: Admitted. Plaintiff makes clear, however, that it does not admit that all of the variations listed are realistic possibilities in any particular installation.

Request 11: The method of operation employed by the City of Greensboro in connection with its gaslifter digester stirrer (during the period charged infringed in the Greensboro suit) is but one of numerous methods (or "ways" as defined in Request number 10) which can be employed with plaintiff's said digester stirrers.

Answer: Admitted, assuming the words "charged infringed" were intended to be "charged to infringe," and assuming that the request was not intended to imply that there was only one method employed by the City of Greensboro.

Request 12: The holding of non-infringement by the Court of Appeals in the suit involving the City of Greens-

boro related to a specific form of operation, i.e. a specific "way" of operation as defined above in Request number 10.

Answer: Admitted, except that plaintiff does not admit that there was but a single form of operation employed by the City of Greensboro or involved in the Court of Appeals decision.

Pertinent Interrogatories.

(Filed by Defendant April 17, 1964.)

and

Walker's Answers Thereto.

(Filed by Plaintiff May 4, 1964.)

Interrogatory 12 (B): State the name of plaintiff's customer referred to in paragraph 15 of the amended complaint and set forth the basis upon which plaintiff alleges that said customer has operated its plant in the manner set forth in paragraph 15 of the amended complaint. List and identify all documents and other writings, together with whatever other information plaintiff may have which substantiates the method of use as set forth in paragraph 15 or attach copies of such documents and other writings or information if more convenient.

Answer: Plaintiff cannot at present designate any customers believed to be still using their Gaslifter digester stirrers as indicated in said paragraph 15. The cities of Aurora, Illinois and Rockford, Illinois are believed to have so used them. Documents noted are those known to defendant in the Greensboro litigation:

For Aurora: the documents upon which plaintiff based its chargs (*sic*), PX 48 B-1-48 B-5;

For Rockford: the depositions taken by plaintiff in

Rockford and the related exhibits and records thereto and the attached excerpt from the specifications of the Rockford plant.

Interrogatory 13(B): With regard to the allegation in paragraph 16 of the amended complaint to the effect that defendant has continued to charge that the use of plaintiff's equipment infringes said Letters Patent No. 2,777,815, state the names and addresses of all persons who have been so charged since the opinion of the Court of Appeals for the Fourth Circuit in the City of Greensboro case and list all documents and other writings and all other information available to plaintiff in connection therewith or attach copies thereof if more convenient.

Answer: Plaintiff is unable to fully answer Interrogatory 13(B) since it inquires about actions of defendant which are known to the defendant rather than to plaintiff. Plaintiff contends that the letter of January 20, 1964 addressed to consulting engineers by defendant (Exhibit A to the Amended Complaint), by implication charges infringement of the patent in suit by all of plaintiff's customers whose representatives received this letter and who are using or have used an operation within the designation of paragraph 4 of said letter. Plaintiff does not have a list of all persons to whom such letter was distributed.

Interrogatory 14(B): States the specific form of operation of a digester employing plaintiff's equipment which plaintiff asserts is in issue in this suit.

Answer: Defendant's past broad assertions, never withdrawn, make it impossible to list all specific operations that are issues in this litigation. Any operations defendant will on the record make clear it does not consider within its patent are not such issues.